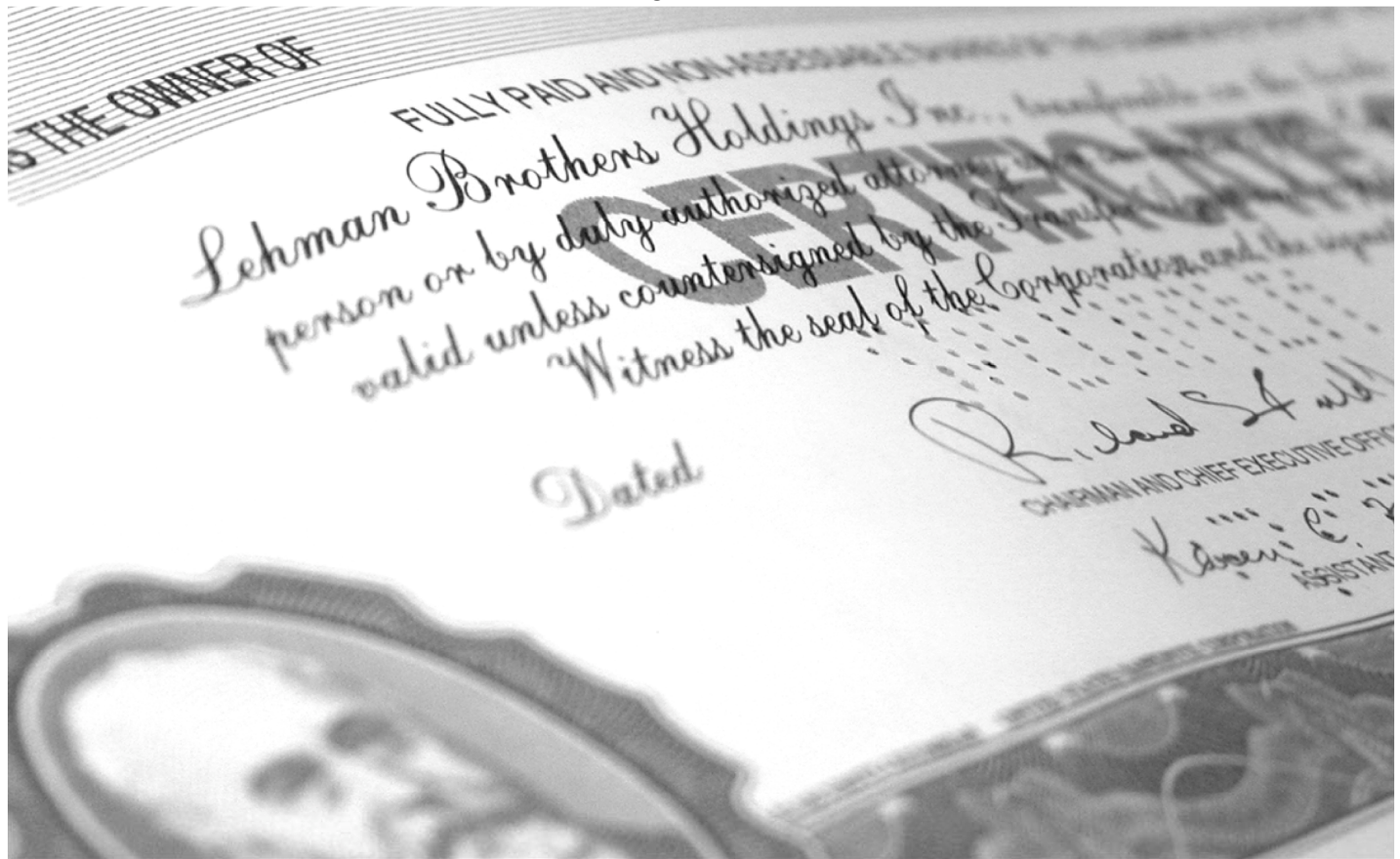


# EXHIBIT G



# 2008 EQUITY AWARD PROGRAM

L I F E @ L E H M A N

YOUR BENEFITS AND LIFE BALANCE

Questions and Answers for Bonus-Eligible Employees  
and Production-Based Employees

*THIS DOCUMENT IS PROVIDED FOR INFORMATION PURPOSES ONLY. These Questions and Answers are intended to provide a general overview of the 2008 Equity Award Program. All terms and conditions of the 2008 Equity Award Program are subject to the applicable controlling plan documents, including but not limited to the Restricted Stock Unit Award Agreement, the 2005 Stock Incentive Plan, and the 2005 Stock Incentive Plan Prospectus. In the event of any conflict between the plan documents and the information in this document, the plan documents will govern.*

LEHMAN BROTHERS

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## OVERVIEW OF 2008 CHANGES

### Q1 HOW WILL THE 2008 EQUITY AWARD DIFFER FROM LAST YEAR'S AWARD?

A1 The Firm reviews the terms of the Equity Award Program annually and based on input from many employees has decided on several changes for 2008. These changes are designed to achieve a number of objectives, including:

- **Simplifying the program:** the Equity Award Program has been the only one among our competitors with multiple vesting schedules and deferral levels based on corporate title;
- **Aligning the program more closely with competitor programs:** the Equity Award Program in past years has provided an equity award discount, but the awards have been subject to the longest vesting and sales restrictions among our competitors.
  - Among our major competitors, Goldman Sachs, JP Morgan, Merrill Lynch, and Morgan Stanley provide no discount on employee equity awards.
- **Preserving our ownership culture:** as in the past, the overall objective of the Firm's Equity Award Program is to ensure multi-year alignment with shareholders through significant ownership stakes for employees.

As in prior years, 100% of the 2008 equity award will be in the form of Restricted Stock Units ("RSUs"). The 3 primary changes to the 2008 program are:

1. **Equity Discount:** Beginning with the 2008 equity award, employees will **no longer be granted RSUs at a discount** from their fair market value at the time of grant. However, RSUs will be subject to a much shorter holding period. See "Holding Period" below.
2. **Vesting Schedule:** Under the 2008 Equity Award Program, the vesting schedule for all employees will be the same, irrespective of corporate title: **33% per year over 3 years** (1/3 vesting on November 30, 2009, 1/3 vesting on November 30, 2010, and 1/3 vesting on November 30, 2011, respectively).
3. **Holding Period:** In 2008, the holding period will be reduced from 5 years to **3 years**. This means that vested 2008 RSUs will convert to shares of Lehman Brothers common stock in 2011, rather than in 2013.

## **Q2 WHEN WILL I BE GRANTED MY 2008 EQUITY AWARD?**

- A2 Eligible employees' 2008 equity award will comprise two separate grants on **two dates**: a) a grant on July 1, 2008 (the "July RSUs") and b) a grant at a date to be determined by Compensation and Benefits Committee of the Board of Directors during the fourth quarter (the "Year-end Award"). You can consider the July award, which is generally 20% of the 2007 award, as an advance on any full-year 2008 award that you may receive. The July RSUs and any Year-end Award will vest and deliver on the same schedule (see below).

This special off-cycle grant underscores our confidence in Lehman Brothers' future and provides each of us with an opportunity to take advantage of the upside potential in our stock price. Further information on the July award is provided in the "July Award" section below.

## **Q3 HOW WILL 2008 EQUITY AWARD LEVELS COMPARE TO LAST YEAR?**

- A3 For 2008, we have simplified the Equity Award Schedule by consolidating the 3 separate schedules (for MDs, SVPs, and employees through the VP level) into one schedule applicable to bonus-eligible employees<sup>1</sup> regardless of corporate title and based on total compensation levels. In general, for bonus-eligible employees the percentage of 2008 total compensation delivered in equity awards will **increase** from 2007, with the maximum percentage increasing from 50% to 65%; for employees earning \$100,000 or less in total compensation, however, the percentages are about the same as in 2007.

See Exhibit A for the 2007 Equity Award Schedule and Exhibit B for the 2008 Equity Award Schedule for bonus-eligible employees.

Note that for production-based<sup>2</sup> and certain other employees, the schedule will be as previously communicated. See Exhibit C for the 2008 Equity Award Schedule for production-based employees.

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<sup>1</sup> For purposes of this document, all references to "bonus-eligible" employees refer to employees who are not considered "production-based" (see footnote 2 below) and who would be eligible to receive a year-end 2008 discretionary bonus, assuming continued employment in accordance with the bonus policy. Note that for individuals with written compensation guarantees for 2008, the Equity Award Schedule applicable for the determination of your full-year equity award is the schedule communicated as part of your guarantee.

<sup>2</sup> For purposes of the Equity Award Program, "production-based" employees are those employees, like Investment Representatives, who throughout the performance year receive production-based compensation a portion of which is cash (e.g., commissions) and a portion of which represents an accrual toward a year-end equity award. "Production-based" employees typically do not receive any year-end bonus. Employees are classified as "production-based" or "bonus-eligible" in the Firm's discretion. If you have questions about your classification, please contact the Compensation Department or your Human Resources representative.

## July Award

### Q4 WHO IS ELIGIBLE FOR A JULY EQUITY AWARD?

- A4 Employees whose employment started on or before July 1, 2008 are generally eligible for a July equity award for 2008, including employees on an approved leave of absence. Certain employees will not receive a July award, including, among others: employees currently in the Firm's formal Analyst Programs (including recently "promoted" Analysts), certain part-time, temporary or seasonal employees, employees on long-term disability, employees who have given notice or have been notified of their termination, certain employees in proprietary trading roles, employees notified that they will not be receiving a July award, and individuals employed by certain subsidiaries. In addition, in the case of production-based employees, anyone with a 2008 equity award accrual from January 2008 through June 2008 is eligible for a July award.

### Q5 HOW WAS THE VALUE OF MY JULY EQUITY AWARD CALCULATED?

#### A5 **Bonus-eligible Employees**

For most employees (hired on or prior to December 1, 2006), the value of the July RSUs was calculated as 20% of the principal portion<sup>3</sup> of the 2007 equity award. In other words, the July award is based on 2007 compensation applied to the 2007 Equity Award Schedule in Exhibit A, multiplied by 20%.

**If you joined the Firm during fiscal year 2007**, the July RSUs were calculated based on your 2007 annual base salary, additional eligible compensation for 2007, and any 2007 paid bonus.

**If you joined the Firm during fiscal year 2008**, the July RSUs were calculated based on your 2008 annual base salary, additional eligible compensation for 2008, and any 2008 written compensation guarantee.

The use of 2007 compensation for the purposes of calculating the July RSUs does not indicate any right or eligibility for compensation in 2008 (or 2008 compensation at any particular level or range) or to any additional equity award for the 2008 performance year.

#### **Production-based Employees**

Your July RSUs have been calculated based upon your **annualized** production payout and other compensation, after all adjustments, for production months December 2007 through May 2008 (relating to pay periods from January through June 2008). See Exhibit D for examples of how the July equity award was determined.

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<sup>3</sup> The principal portion of the 2007 equity award was the amount awarded as part of your 2007 total compensation (before the discount).

**Q6 HOW MANY JULY RSUs HAVE I BEEN GRANTED?**

- A6 To determine the number of July RSUs you have been granted, simply take the value calculated using the methodology described in Question 5 above and divide it by the grant price of \$20.96, the closing stock price of Lehman Brothers common stock on July 1, 2008.

**Example (for a VP hired prior to December 1, 2006):**

<b>2007 Total Compensation</b>	<b>Principal Portion of 2007 Award</b>	<b>July Award (@20%)</b>	<b>July Grant Price</b>	<b>Number of July RSUs</b>
\$200,000	\$9,200	\$1,840	\$20.96	87.79

**Note that if the calculation results in fewer than three (3) July RSUs, then no July RSUs will be granted.**

**Q7 WHY IS THE JULY EQUITY AWARD ONLY 20% OF LAST YEAR'S AWARD?**

- A7 As in prior years, equity awards are intended as part of an employee's total compensation for the full performance year, and are therefore determined and granted at the time of any year-end bonuses. Because bonus compensation is fully discretionary (unless guaranteed in writing in accordance with Firm policy), the equity portion of total compensation for 2008 cannot be determined at this time. To maintain sufficient flexibility in the determination of pay for 2008—and to minimize the risk that employee cash bonuses are not adversely impacted—the Firm decided that the July award would be based on 20% of the prior year award for most employees. Please bear in mind that a July RSU award does not indicate any right to a discretionary bonus (or any particular amount of discretionary bonus) or to any additional equity award for the 2008 performance year.

**Q8 HOW WERE THE GRANT DATE AND GRANT PRICE FOR THE JULY AWARD DETERMINED?**

- A8 All equity grants to employees must be authorized and approved by the Compensation and Benefits Committee of the Board of Directors. The July 1 grant date was set by the Committee. The grant price for the July award is the closing market price of Lehman Brothers common stock on the New York Stock Exchange on that date, \$20.96, and is used to determine the number of July RSUs granted to you.

**Q9 WHAT WILL HAPPEN TO MY JULY AWARD IF I LEAVE THE FIRM PRIOR TO NOVEMBER 30, 2008?**

**A9 Bonus-eligible Employees**

If your employment with the Firm ceases, for any reason, prior to November 30, 2008, you will forfeit the July RSUs. If you leave the Firm on or after November 30, 2008, your entitlement to any July RSUs, the same as any Year-end Award, will depend on when you leave, the



circumstances under which you leave, and your conduct with respect to the Firm after you leave.

**Production-based Employees**

Your entitlement to the July award will depend on when you leave the Firm, why you leave, and your conduct with respect to the Firm after you leave.

Refer to the termination provisions on Exhibit E.

## **YEAR-END AWARD**

### **Q10 WHO IS ELIGIBLE FOR A 2008 YEAR-END EQUITY AWARD?**

A10 Employees (both bonus-eligible and production-based employees) whose employment started on or before the 2008 grant date, expected to be determined during the fourth quarter (the “Year-end Grant Date”), including employees on an approved leave of absence, are eligible to receive a year-end equity award for 2008, with the following exceptions: employees in the Firm’s formal Analyst Programs, certain temporary, part-time or seasonal employees, employees on long-term disability, employees who have given notice or have been notified of their termination; and individuals employed by certain subsidiaries. Any bonus-eligible employee whose employment terminates prior to the Year-end Grant Date, or who is otherwise not eligible for a year-end bonus, will not be eligible for a year-end equity award. In case of termination of employment of production-based employees or individuals with a written compensation guarantee, any year-end equity awards will be treated in accordance with the relevant plan provisions or terms of the written compensation guarantee.

### **Q11 HOW WILL MY 2008 YEAR-END EQUITY AWARD BE CALCULATED?**

**A11 Bonus-eligible Employees**

Your Year-end equity award will be calculated based on your 2008 total compensation and the 2008 Equity Award Schedule for bonus-eligible employees shown on Exhibit B, reduced by the grant-date value of any July award. In no event, however, will your full-year award be less than your July Award. Total compensation includes salary earned in fiscal year 2008 plus any bonus and additional eligible compensation for your performance in 2008, whether such amounts are deferred or paid in 2008.

Note that for individuals with written compensation guarantees for 2008, the Equity Award Schedule applicable for the determination of your full-year equity award will be the one communicated as part of your guarantee. In all other respects, your 2008 Equity Award will be governed by the applicable 2008 Equity Award Program plan documents.

### **Production-based Employees**

Your Year-end equity award will be calculated as above, except that it will be based on the 2008 Equity Award Schedule for production-based employees shown on Exhibit C and your actual production and other compensation, after all adjustments, for production months December 2007 through November 2008 (relating to pay periods from January through December 2008), reduced by the grant date value of any July award. In no event, however, will your full-year award be less than your July Award. Refer to Exhibit D for an illustration of how the 2008 Equity Award will be calculated for production-based employees.

Note that the 2009 Equity Award Schedule for production-based employees will be communicated no later than December 31, 2008.

## **2008 VESTING AND TERMINATION PROVISIONS**

### **Q12 WHEN WILL MY 2008 RSUs VEST?**

A12 The 2008 equity award (including any July RSUs) will vest in 1/3 increments on November 30, 2009, 2010 and 2011.

### **Q13 WHEN WILL MY 2008 RSUs CONVERT TO SHARES OF COMMON STOCK?**

A13 Vested 2008 RSUs (including any July RSUs) will convert to shares of Lehman Brothers common stock on November 30, 2011.

### **Q14 WHAT WILL HAPPEN TO MY 2008 RSUs IF I RESIGN FROM THE FIRM?**

A14 If you resign, you will forfeit all RSUs that are unvested at the time of your termination, unless you are eligible for Full Career treatment at the time of termination.

	<b>% of Total Equity Award Retained</b>		
	<i>If you resign from the Firm after November 30 of:</i>		
	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
<b>All Employees</b>	33%	67%	100%

If you resign and your termination is deemed a Full Career termination, you will be entitled to 100% of your 2008 RSUs, and shares of Lehman Brothers common stock will be delivered to you on November 30, 2011, provided you satisfy all delivery conditions in your award agreements, do not engage in Detrimental Activity through November 30, 2011, and do not engage in Competitive Activity through the earlier of: (1) the end of the fiscal quarter 1 year following your termination and (2) November 30, 2011.

**For bonus-eligible employees, note that “Full Career” treatment is not applicable for resignations occurring before November 30, 2008.** See Exhibit E for termination provisions.

**Q15 WHAT WILL HAPPEN TO MY 2008 RSUs IF MY EMPLOYMENT IS TERMINATED?**

A15 As in prior years, if your employment with the Firm is terminated involuntarily without Cause, you will generally be eligible to retain your (otherwise forfeited) unvested 2008 RSUs, provided you sign a Firm-standard release agreement in accordance with Firm policy and provided you do not engage in Detrimental Activity. Your 2008 RSUs will convert to Lehman Brothers common stock and shares will be delivered on November 30, 2011. (If you do not sign a release agreement, you will be eligible to receive only the vested portion of your award.)

**Note that the above does not apply to terminations occurring before November 30, 2008. Bonus-eligible employees whose employment ends for any reason before November 30, 2008 forfeit any July RSUs and are not entitled to any Year-end Award.**

Note also that if you are terminated involuntarily with Cause, you will forfeit all outstanding RSUs. See Exhibit E for termination provisions.

## **GENERAL INFORMATION**

**Q16 WHERE CAN I FIND DETAILS REGARDING MY JULY AWARD AND MY OTHER EQUITY AWARDS?**

A16 Details of your equity awards can be found on the Personal Award Summary of the Equity Award Program section of LehmanLive, which you can access by using keyword [equityaward](#). The number of July RSUs you were awarded, if any, will be available on LehmanLive **by July 15, 2008**.

**Q17 DO ANY OF THE CHANGES TO THE EQUITY AWARD PROGRAM AFFECT AWARDS GRANTED IN PRIOR YEARS?**

A17 No. The changes outlined here apply only to awards granted in 2008. These changes will not be retroactive to awards granted in prior years.

**Q18 WHOM DO I CONTACT IF I HAVE FURTHER QUESTIONS REGARDING THE EQUITY AWARD PROGRAM?**

A18 If you have any questions regarding the Equity Award Program, please contact the Compensation Department in New York at (212) 526-8346 or by e-mail at [compensation@lehman.com](mailto:compensation@lehman.com).

**EXHIBIT A: 2007 EQUITY AWARD SCHEDULE**

Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS		
	<i>Employees Through Vice President Level</i>	<i>Senior Vice Presidents</i>	<i>Managing Directors</i>
\$0 - \$74,999	1.15% of 2007 TC	2.3% of 2007 TC	2.3% of 2007 TC
\$75,000 - \$99,999	2.3% of 2007 TC	2.3% of 2007 TC	2.3% of 2007 TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of 2007 TC over \$100,000	\$2,300 plus 6.9% of 2007 TC over \$100,000	\$2,300 plus 6.9% of 2007 TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of 2007 TC over \$200,000	\$9,200 plus 11.5% of 2007 TC over \$200,000	\$9,200 plus 11.5% of 2007 TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of 2007 TC over \$300,000	\$34,500 plus 18.687% of 2007 TC over \$300,000	\$34,500 plus 18.687% of 2007 TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of 2007 TC over \$500,000	\$71,875 plus 23% of 2007 TC over \$500,000	\$71,875 plus 23% of 2007 TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of 2007 TC over \$750,000	\$129,375 plus 40.25% of 2007 TC over \$750,000	\$129,375 plus 40.25% of 2007 TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of 2007 TC over \$1.0 million	\$240,000 plus 42% of 2007 TC over \$1.0 million	\$240,000 plus 52.8% of 2007 TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of 2007 TC over \$1.5 million	\$450,000 plus 54% of 2007 TC over \$1.5 million	\$504,000 plus 67.2% of 2007 TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of 2007 TC over \$2.0 million	\$720,000 plus 66% of 2007 TC over \$2.0 million	\$840,000 plus 72% of 2007 TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of 2007 TC over \$2.5 million up to a max of 36% of 2007 TC	42% of 2007 TC	\$1,200,000 plus 75% of 2007 TC over \$2.5 million to a max of 50% of 2007 TC

## EXHIBIT B: 2008 EQUITY AWARD SCHEDULE FOR BONUS-ELIGIBLE EMPLOYEES

The portion of 2008 total compensation delivered in the form of an equity award for the full year will be calculated according to the schedule below. Any Year-end Award will be determined by subtracting any July RSUs from your full-year award, but in no event will your full-year award be less than your July RSUs.

2008 Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS <sup>4</sup>		MAXIMUM % OF TC IN EQUITY-BASED AWARDS
\$0 - \$74,999	1% of 2008 TC		1%
\$75,000 - \$99,999	2% of 2008 TC		2%
\$100,000 - \$299,999	\$2,000	plus 14% of 2008 TC above \$100,000	10%
\$300,000 - \$499,999	\$30,000	plus 35% of 2008 TC above \$300,000	20%
\$500,000 - \$749,999	\$100,000	plus 35% of 2008 TC above \$500,000	25%
\$750,000 - \$999,999	\$187,500	plus 65% of 2008 TC above \$750,000	35%
\$1,000,000 - \$1,499,999	\$350,000	plus 65% of 2008 TC above \$1,000,000	45%
\$1,500,000 - \$1,999,999	\$675,000	plus 85% of 2008 TC above \$1,500,000	55%
\$2,000,000 - \$2,499,999	\$1,100,000	plus 80% of 2008 TC above \$2,000,000	60%
\$2,500,000 and above	\$1,500,000	plus 90% of 2008 TC above \$2,500,000 up to a maximum of 65% of 2008 TC	65%

<sup>4</sup> Subject to a 5-share minimum.

## EXHIBIT C: 2008 EQUITY AWARD SCHEDULE FOR PRODUCTION-BASED EMPLOYEES

The portion of 2008 total compensation delivered in the form of an equity award for the full year will be calculated according to the schedule below, which is the same as the one previously communicated. Any Year-end Award will be determined by subtracting any July award from your full-year award, but in no event will your full-year award be less than your July RSUs.

### 2008 EQUITY AWARD SCHEDULE FOR PRODUCTION-BASED EMPLOYEES

2008 Total Compensation Range	AMOUNT OF TOTAL COMPENSATION ("TC") IN EQUITY-BASED AWARDS <sup>5</sup>		
	<i>Employees Through Vice President Level</i>	<i>Senior Vice Presidents</i>	<i>Managing Directors</i>
\$0 - \$74,999	1.15% of 2008 TC	2.3% of 2008 TC	2.3% of 2008 TC
\$75,000 - \$99,999	2.3% of 2008 TC	2.3% of 2008 TC	2.3% of 2008 TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of 2008 TC over \$100,000	\$2,300 plus 6.9% of 2008 TC over \$100,000	\$2,300 plus 6.9% of 2008 TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of 2008 TC over \$200,000	\$9,200 plus 11.5% of 2008 TC over \$200,000	\$9,200 plus 11.5% of 2008 TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of 2008 TC over \$300,000	\$34,500 plus 18.687% of 2008 TC over \$300,000	\$34,500 plus 18.687% of 2008 TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of 2008 TC over \$500,000	\$71,875 plus 23% of 2008 TC over \$500,000	\$71,875 plus 23% of 2008 TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of 2008 TC over \$750,000	\$129,375 plus 40.25% of 2008 TC over \$750,000	\$129,375 plus 40.25% of 2008 TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of 2008 TC over \$1.0 million	\$240,000 plus 42% of 2008 TC over \$1.0 million	\$240,000 plus 52.8% of 2008 TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of 2008 TC over \$1.5 million	\$450,000 plus 54% of 2008 TC over \$1.5 million	\$504,000 plus 67.2% of 2008 TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of 2008 TC over \$2.0 million	\$720,000 plus 66% of 2008 TC over \$2.0 million	\$840,000 plus 72% of 2008 TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of 2008 TC over \$2.5 million up to a max of 36% of 2008 TC	42% of 2008 TC	\$1,200,000 plus 75% of 2008 TC over \$2.5 million to a max of 50% of 2008 TC

<sup>5</sup> Subject to a 5-share minimum.

## **EXHIBIT D: 2008 EQUITY AWARD CALCULATION FOR PRODUCTION-BASED EMPLOYEES**

Your 2008 equity award will be calculated based on your 2008 production compensation and the 2008 Equity Award Schedule shown in Exhibit C, less the portion of compensation granted as July RSUs, if any. The examples below assume an individual with production compensation for the full year 2008.

Actual 2008 Production Compensation (through May production month):	\$125,000
Annualized 2008 Production Compensation (x 12 ÷ 6):	\$250,000
Annualized Equity Award (from Schedule for employees through VP level):	\$14,950
July Award (20% of Annualized Award):	\$2,990
Assumed 2008 Production Compensation:	\$250,000
Total 2008 Equity Award:	\$14,950
July Award:	\$2,990
2008 Year-End Equity Award:	<u>\$11,960</u>
Total 2008 Equity Award:	\$14,950

## EXHIBIT E: TERMINATION PROVISIONS

	All Employees
<b>Voluntary Termination</b> <i>(but not Full Career)</i>	<p>Participants will forfeit all unvested July RSUs and Year-end RSUs (together, “2008 RSUs”). Any vested 2008 RSUs will convert to shares of common stock and such shares will be delivered as soon as practicable after November 30, 2011 (the “Share Payment Date”) but not later than December 31, 2011, provided the participant does not engage in Detrimental Activity through that date and has not committed an act constituting Cause through the termination date.</p>
<b>Involuntary Termination</b> <i>(but not Full Career)</i>	<p><b>Involuntary Termination without Cause:</b> Participants will become entitled to 100% of their 2008 RSUs, including the unvested portion (provided the employee signs a Firm-standard release agreement). Shares will be delivered as soon as practicable after the Share Payment Date, but not later than December 31, 2011, provided the participant does not engage in Detrimental Activity through that date.</p> <p><b>Involuntary Termination with Cause:</b> Participants will forfeit 100% of their 2008 RSUs.</p>
<b>Full Career Termination</b>	<p><b>Voluntary Termination:</b> Participants will become entitled to 100% of their 2008 RSUs on the Share Payment Date, provided they do not engage in Competitive Activity through the end of the fiscal quarter following the one year anniversary of the termination date, and do not engage in Detrimental Activity through the Share Payment Date or commit an act constituting Cause through the termination date. 2008 RSUs will convert to shares of common stock, and such shares will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011.</p> <p><b>Involuntary Termination without Cause:</b> Participants will become entitled to 100% of their 2008 RSUs on the Share Payment Date, provided they do not engage in Detrimental Activity through that date or commit an act constituting Cause prior to the termination date. 2008 RSUs will convert to shares of common stock, and such shares will be delivered as soon as practicable after the Share Payment Date but not later than December 31, 2011.</p> <p><b>Involuntary Termination with Cause:</b> Participants will forfeit 100% of their 2008 RSUs.</p>
<b>Termination due to Death or Disability</b>	<p>All 2008 RSUs will immediately vest, and shares will be delivered 30 days following the termination date.</p>

**NOTE:** Notwithstanding the above, bonus-eligible employees whose employment ends for any reason (voluntary or involuntary termination) prior to November 30, 2008 will forfeit all July RSUs. In such cases, “Full Career” treatment does not apply.



## **EXHIBIT F: GLOSSARY OF SELECT TERMS**

**“Appropriate Officer”** means the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees).

**“Cause”** means a material breach by a person of an employment contract between the person and Holdings or any subsidiary, failure by a person to devote substantially all business time exclusively to the performance of his or her duties for Holdings or any subsidiary, willful misconduct, dishonesty related to the business and affairs of Holdings or any subsidiary, conviction of a felony or a misdemeanor constituting a statutory disqualification under U.S. securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of a person's duties, solicitation of employees of Holdings or any subsidiary to work at another company, improper use or disclosure of confidential information, the violation of policies and practices adopted by Holdings or any subsidiary including, but not limited to the Code of Conduct, or a material violation of the conflict of interest, proprietary information or business ethics policies of Holdings or any subsidiary, or such other circumstances as may be determined in the sole discretion of an Appropriate Officer. For avoidance of doubt, for purposes of the preceding sentence, a material breach of an employment contract or violation of policies would include, as applicable, the employee's violation of any policy or employment agreement relating to the obligation to provide advance notice of resignation from Holdings or any subsidiary.

**“Competitive Activity”** means involvement (whether as employee, proprietor, consultant or otherwise) with any person or entity (including any company and its affiliates) engaged in any business activity which is materially competitive with any business carried on by Holdings or any of its subsidiaries or affiliates on the date of termination of a person's employment with Holdings and any of its subsidiaries, as determined in the sole discretion of an Appropriate Officer.

**“Detrimental Activity”** means (i) using information received during a person's employment with Holdings or any of its subsidiaries related to the business affairs of Holdings or any of its subsidiaries, affiliates or their clients, in breach of such person's undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of Holdings or any of its subsidiaries or affiliates to terminate employment with any of the foregoing or to breach any of the terms of his or her employment with the foregoing; (iii) directly or indirectly making any statement that is, or could be, disparaging of Holdings, its subsidiaries or affiliates, or any of their employees (except as necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) violating policies and practices adopted by Holdings or any subsidiary; (v) materially breaching any contract between the person and Holdings or any subsidiary; or (vi) directly or indirectly engaging in any activity that is, or could be, substantially injurious to the financial condition, reputation, or goodwill of Holdings or its subsidiaries or affiliates, in each case as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees). Notwithstanding the foregoing, if following any termination of employment other than for Cause but prior to the scheduled Share Payment Date it is determined that an act constituting Cause has occurred which was not determined by Holdings (or its designee) at the time of such termination, such act shall also be deemed to constitute Detrimental Activity.

**“Disability”** means a disability under both the Lehman Brothers Long-Term Disability Insurance Plan and the Social Security Act.

**“Full Career Termination”** means a Termination of employment with Holdings or any subsidiary when (a) a person has at least 20 years of service; (b) the person is at least 45 years old, and the person has at least 10 years of service with Holdings or any subsidiary; or (c) the person is at least 50 years old, and the person has at least 5 years of service with Holdings or any subsidiary.

**“Restricted Stock Units (RSUs)”** An RSU represents the conditional right to receive one share of Lehman Brothers common stock three years after the grant date, on November 30, 2011. Generally, RSUs cannot be sold, traded, pledged or transferred during that three-year period.

**“Termination”** means the end of employment with Holdings or a subsidiary. The characterization of the circumstances of Termination is determined in the sole discretion of an Appropriate Officer.

## **2008 EQUITY AWARD ADVANCE AND DEFERRAL LEVELS**

**WHEREAS**, the Compensation and Benefits Committee of the Board of Directors (the “Committee”) in its discretion intends to grant equity awards in connection with the 2008 fiscal year of Lehman Brothers Holdings Inc. (the “Corporation” or “Holdings” and collectively with its subsidiaries, the “Firm”) as a component of 2008 total compensation for eligible employees of the Firm; and

**WHEREAS**, the Committee in its discretion has determined that a portion of the 2008 equity awards should be granted on July 1, 2008 (the “Grant Date”), in advance of the Firm’s historical year-end award cycle; and

**WHEREAS**, the Committee desires in its discretion to communicate the overall deferral levels of the 2008 Equity Award Program as is currently anticipated at the present time without conferring any binding obligation on the part of Holdings or the Firm; now, therefore, be it

### **2008 July RSU Awards**

**RESOLVED**, that the Committee hereby grants to each employee of the Firm who meets the eligibility criteria described in Exhibit A, the number of restricted stock units (“July RSUs”) related to shares of Holdings’ Common Stock, par value \$.10 per share (“Common Stock”), under and subject to the terms of the 2005 Stock Incentive Plan (“SIP”), which July RSUs shall be determined in accordance with Exhibit B hereto and shall be subject to the terms and conditions set forth on Exhibits B, C, and D, and the Change in Control provisions set forth on Exhibit E; and be it further

### **2008 Stock Component Summary Table**

**RESOLVED**, that the Committee determines that the number of 2008 RSUs which may be granted to any such employee as part of the 2008 Equity Award Program for the full fiscal year shall be determined in accordance with the 2008 Stock Component Summary Table set forth on Exhibit F; and be it further

### **No Rights Created; Delegation of Authority**

**RESOLVED**, that nothing in the foregoing resolutions is intended to, and shall not, confer upon any employee any right to any discretionary bonus with respect to Holdings’ fiscal year ending November 30, 2008 or any grant of any equity award apart from the July RSUs; it being understood that the sole purpose of the foregoing resolution determining the 2008 Stock Component Summary Table is to permit the communication of the overall deferral levels of the 2008 Equity Award Program as is currently anticipated at the present time to the Firm’s employees without conferring any binding right or entitlement related thereto, and it being understood further that nothing in such resolution shall limit the Committee’s ability or authority to modify the levels so communicated up through and including such date as such levels shall be finally determined by the Committee during the fourth quarter of Holdings’ 2008 fiscal year; and be it further

**RESOLVED**, that the officers of the Corporation be, and they hereby are, authorized and directed to take such further action with respect to all the foregoing plans and programs including, without limitation, preparing and distributing award agreements and/or statements and executing such further documents and taking such further action as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions, or to comply with law; and with respect to those awards which are subject to the laws of any foreign jurisdiction, the officers of the Corporation are each hereby authorized and directed to determine the form of awards to employees who are personally residing outside the United States and to take such actions and to make such amendments including, without limitation, preparing and executing such trust instruments or other documents as they may, with the advice of counsel, deem necessary or desirable to carry out the purpose and intent of the foregoing resolutions and to achieve tax efficiency (including by awarding discounted options or using deferrals) and to comply with the provisions of any relevant local law or regulations in those territories, provided such actions do not result in an incremental material cost to the Corporation.

**EXHIBIT A**

Eligibility Criteria

The group of employees as defined below is eligible to receive July RSUs:

All active employees and employees on leaves of absence from Holdings, Lehman Brothers Inc., or any of their subsidiaries as of the Grant Date (as determined exclusively by the Global Head of Human Resources), excluding employees on long-term disability or notified prior to the Grant Date of their pending termination, employees who notify the Firm prior to the Grant Date of their termination with the Firm or their intent to terminate employment with the Firm, part-time hourly employees, employees hired into the Firm's formal Analyst programs, and individuals employed by the following subsidiaries: Aurora Loan Services (except corporate officers), Capital Crossing, Champion Energy Services, Campus Door (except selected corporate officers), Capstone Mortgage Services Limited (except corporate officers), ELQ Hypotheken (except corporate officers), Lehman Brothers Services India Private Ltd. (except corporate officers), Lehman Brothers Financial Services India Private Ltd. (except corporate officers), Liberty View (except selected executives), and Small Business Finance (except selected corporate officers), the exceptions of which as may be determined in the sole discretion of the Global Head of Human Resources (or her designee).

In addition, all production-based employees (including terminated employees) with a 2008 equity award accrual as of the Grant Date, along with bonus-eligible employees with a written 2008 compensation guarantee whose employment was involuntarily terminated without Cause (as defined below) prior to the Grant Date.

Notwithstanding any of the foregoing, the Global Head of Human Resources may exclude any such otherwise eligible individual from the grant of any July RSUs at her reasonable discretion, based on estimated potential 2008 total compensation for such individual on the Grant Date or her determination that such grant would otherwise be inappropriate under the circumstances.

**EXHIBIT B**

2008 July RSU Awards

All eligible employees will be awarded July RSUs under the SIP as of the Grant Date. The number of July RSUs to be granted to each eligible employee will be the value determined using 2007 Compensation<sup>1</sup> and the 2008 Equity Advance Summary Table below, multiplied by 20%. For production-based employees, new hires and employees with 2008 guaranteed compensation, the equity portion of their 2008 compensation will be calculated based on annualized 2008 Compensation<sup>2</sup> and the 2008 Equity Advance Summary Table, multiplied by 20%.

The number of July RSUs awarded will be based on the closing price of the Common Stock on the Grant Date. July RSUs will vest in 1/3 increments on each of November 30, 2009, 2010, and 2011, unless otherwise provided in Exhibits C and D. July RSUs will convert to shares of Common Stock, which will be delivered without restrictions on November 30, 2011 (the “Share Payment Date”), unless otherwise provided in Exhibits C and D.

***2008 Equity Advance Summary Table***

<b>Compensation Range</b>	<b>Amount of 2008 Compensation Awarded in RSUs</b>		
	<b>Vice Presidents &amp; Below</b>	<b>Senior Vice Presidents</b>	<b>Managing Directors</b>
\$0 - \$74,999	1.15% of TC	2.3% of TC	2.3% of TC
\$75,000 - \$99,999	2.3% of TC	2.3% of TC	2.3% of TC
\$100,000 - \$199,999	\$2,300 plus 6.9% of TC over \$100,000	\$2,300 plus 6.9% of TC over \$100,000	\$2,300 plus 6.9% of TC over \$100,000
\$200,000 - \$299,999	\$9,200 plus 11.5% of TC over \$200,000	\$9,200 plus 11.5% of TC over \$200,000	\$9,200 plus 11.5% of TC over \$200,000
\$300,000 - \$499,999	\$20,700 plus 17.25% of TC over \$300,000	\$34,500 plus 18.687% of TC over \$300,000	\$34,500 plus 18.687% of TC over \$300,000
\$500,000 - \$749,999	\$55,200 plus 23% of TC over \$500,000	\$71,875 plus 23% of TC over \$500,000	\$71,875 plus 23% of TC over \$500,000
\$750,000 - \$999,999	\$112,700 plus 28.75% of TC over \$750,000	\$129,375 plus 40.25% of TC over \$750,000	\$129,375 plus 40.25% of TC over \$750,000
\$1,000,000 - \$1,499,999	\$192,600 plus 36% of TC over \$1.0 million	\$240,000 plus 42% of TC over \$1.0 million	\$240,000 plus 52.8% of TC over \$1.0 million
\$1,500,000 - \$1,999,999	\$372,600 plus 42% of TC over \$1.5 million	\$450,000 plus 54% of TC over \$1.5 million	\$504,000 plus 67.2% of TC over \$1.5 million
\$2,000,000 - \$2,499,999	\$582,600 plus 48% of TC over \$2.0 million	\$720,000 plus 66% of TC over \$2.0 million	\$840,000 plus 72% of TC over \$2.0 million
\$2,500,000 and up	\$822,600 plus 54% of TC over \$2.5 million up to a maximum of 36% of TC	42% of TC	\$1,200,000 plus 75% of TC over \$2.5 million up to a maximum of 50% of TC

Furthermore, if the number of July RSUs calculated as above results in fewer than three RSUs being awarded for an eligible participant, then such a participant will no longer be considered eligible to receive a July RSU award.

**Note:** Amount of 2008 total compensation awarded in July RSUs may be offset by the pre-tax equivalent of participation in Private Equity investment vehicles established to align investment professionals with the funds they invest and manage.

**EXHIBIT C**

Termination Provisions for Bonus-Eligible Employees without 2008 Guaranteed Compensation

<b>Event</b>	<b>Treatment of July RSUs</b>
Termination for any reason prior to November 30, 2008	Forfeit unvested July RSUs upon termination (except in the event of Death, Disability, or Termination for Select Government Service, as set forth below).
Voluntary Termination on or after November 30, 2008	Forfeit unvested July RSUs upon termination. Shares in respect of any then vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011 provided that the participant does not engage in Detrimental Activity through that date and has not committed an act constituting Cause through the termination date and otherwise satisfies the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Involuntary Termination with Cause on or after November 30, 2008	Forfeit all outstanding July RSUs.
Involuntary Termination without Cause on or after November 30, 2008	Participant will become vested with respect to all outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided such participant signs a Release Agreement as the Firm may require and does not engage in Detrimental Activity through the Share Payment Date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Full Career Termination on or after November 30, 2008	<p><u>Voluntary Termination</u></p> <p>Participant will become vested with respect to 100% of their then outstanding July RSUs. Shares in respect of any such July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided (A) no Competitive Activity through the earlier of (i) the end of the Firm's first fiscal quarter which ends following the one year anniversary of the termination date or (ii) the Share Payment Date and (B) the participant does not engage in Detrimental Activity through the Share Payment Date and the participant does not otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p> <p><u>Involuntary Termination without Cause</u></p> <p>Participant is vested in respect of 100% of their then outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided no Detrimental Activity through the Share Payment Date and the participant does not commit an act constituting Cause prior to the termination date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p>
Death, Disability, or Termination for Select Government Service	All July RSUs immediately vest and shares are delivered within 30 days following the termination date.

*Capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.*

**EXHIBIT D**

**Termination Provisions for Bonus-Eligible Employees with 2008 Guaranteed Compensation and  
for Production-Based Employees**

<b>Event</b>	<b>Treatment of July RSUs</b>
Voluntary Termination	Forfeit unvested July RSUs upon termination. Any vested July RSUs will convert to shares of common stock and such shares will be delivered as soon as practicable after November 30, 2011 (the "Share Payment Date") but not later than December 31, 2011, provided the participant does not engage in Detrimental Activity through that date and has not committed an act constituting Cause through the termination date and otherwise satisfies the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Involuntary Termination with Cause	Forfeit all outstanding July RSUs.
Involuntary Termination without Cause	Participant will become vested with respect to all outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided such participant signs a Release Agreement as the Firm may require and does not engage in Detrimental Activity through the Share Payment Date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.
Full Career Termination	<p><u>Voluntary Termination</u></p> <p>Participant will become vested with respect to 100% of their then outstanding July RSUs. Shares in respect of any such July RSUs will be delivered as soon as practicable following the Share Payment Date, but not later than December 31, 2011, provided (A) no Competitive Activity through the earlier of (i) the end of the Firm's first fiscal quarter which ends following the one year anniversary of the termination date or (ii) the Share Payment Date and (B) the participant does not engage in any act constituting Detrimental Activity through the Share Payment Date) and the participant does not otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p> <p><u>Involuntary Termination without Cause</u></p> <p>Participant is vested in respect of 100% of their then outstanding July RSUs. Shares in respect of any such vested July RSUs will be delivered as soon as practicable following the Share Payment Date but not later than December 31, 2011, provided no Detrimental Activity through the Share Payment Date, and the participant does not commit an act constituting Cause prior to the termination date or otherwise fail to satisfy the terms and conditions necessary for delivery as specified in the SIP and relevant award agreement.</p>
Death, Disability, or Termination for Select Government Service	All July RSUs immediately vest and shares are delivered within 30 days following the termination date.

*Capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.*

Notwithstanding any of the foregoing, any person who has a written compensation guarantee arrangement with respect to the Firm's 2008 fiscal year, as reflected by the Firm in its records, and who, prior to the date hereof, has experienced an Involuntary Termination Without Cause, shall be treated as having experienced an Involuntary Termination Without Cause for purposes of these July 2008 RSUs.



**EXHIBIT E**

Change in Control Provisions

Vesting of RSUs

Following a Change in Control (as defined in the SIP), except to the extent that, and without limiting the provisions hereunder that specify that, RSUs would otherwise vest earlier or be forfeited in the event of Detrimental Activity, Termination with Cause or voluntary termination or otherwise under this Agreement, all RSUs shall vest upon the later of (x) the 18 month anniversary date following a Change in Control or (y) a date determined by the Committee that is within 15 days of the November 30 of the Fiscal Year immediately following the Fiscal Year in which the Change in Control occurs (such later date, the “Change in Control Vesting Date”).

Additionally, all RSUs shall become immediately vested in the event of any involuntary Termination without Cause following a Change in Control occurring prior to the Change in Control Vesting Date.

Delivery of Shares

Following a Change in Control, except to the extent that, and without limiting the provisions hereunder that specify that, shares would otherwise be delivered earlier hereunder or RSUs are forfeited due to engagement in Detrimental Activity, Termination with Cause or voluntary termination or otherwise hereunder, shares with respect to RSUs will be delivered on the Change in Control Vesting Date; provided that in the event of Termination for any reason other than death or Disability occurring after a Change in Control but prior to the Change in Control Vesting Date, shares with respect to then vested RSUs will be delivered upon the earlier of (x) the end of the fiscal quarter one year following the termination date or (y) the Change in Control Vesting Date.

For purposes of this Exhibit E, “Fiscal Year” shall mean December 1 through November 30 of the relevant calendar year and references to “hereunder” shall relate to the terms and conditions of the RSUs as described in this Exhibit E. Any other capitalized terms used and not defined herein shall have the meanings set forth in the endnotes hereto.

**EXHIBIT F**

2008 Stock Component Summary Table

The portion of compensation payable in 2008 RSUs for the fiscal year (including any July RSUs previously granted) will be the value determined using 2008 Compensation as defined below and the 2008 Stock Component Summary Table shown below. The value of any year-end RSUs awarded will be calculated as the aforementioned value, less the grant date value of any July RSUs. The number of year-end 2008 RSUs awarded will be based on the closing price of the Common Stock on a grant date to be determined by the Committee at a meeting to be held at a later date in the fiscal year, such grant date to be no later than December 19, 2008. To the extent that the grant date value of the July RSUs exceeds the value determined using 2008 Compensation and the 2008 Stock Component Summary Table below, the participant's award shall be limited to the July RSUs, and no additional year-end award will be calculated.

2008 Stock Component Summary Table

COMPENSATION RANGE	AMOUNT OF 2008 COMPENSATION ("2008 TC") AWARDED IN RSUs	
\$0 - \$74,999	1% of 2008 TC	
\$75,000 - \$99,999	2% of 2008 TC	
\$100,000 - \$299,999	\$2,000	plus 14% of 2008 TC above \$100,000
\$300,000 - \$499,999	\$30,000	plus 35% of 2008 TC above \$300,000
\$500,000 - \$749,999	\$100,000	plus 35% of 2008 TC above \$500,000
\$750,000 - \$999,999	\$187,500	plus 65% of 2008 TC above \$750,000
\$1,000,000 - \$1,499,999	\$350,000	plus 65% of 2008 TC above \$1,000,000
\$1,500,000 - \$1,999,999	\$675,000	plus 85% of 2008 TC above \$1,500,000
\$2,000,000 - \$2,499,999	\$1,100,000	plus 80% of 2008 TC above \$2,000,000
\$2,500,000 and above	\$1,500,000	plus 90% of 2008 TC above \$2,500,000 up to a maximum of 65% of 2008 TC

Although production-based employees and certain employees with 2008 guaranteed compensation will otherwise participate in the 2008 Equity Award Program, nothing in this Summary Table is intended to change the equity portion of their 2008 compensation, as reflected in their respective Summary Table in place at the beginning of the fiscal year—or, in the case of employees with 2008 guaranteed compensation, as provided to them as part of their offer of employment.

Furthermore, if the number of year-end 2008 RSUs calculated as above results in fewer than five year-end RSUs being awarded for an eligible participant, then such a participant will no longer be considered eligible to receive a year-end RSU award, unless such participant has also been granted July RSUs, in which case the minimum number of year-end RSUs awarded shall be three.

**Note:** Amount of 2008 total compensation awarded in 2008 RSUs may be offset by the pre-tax equivalent of participation in Private Equity investment vehicles established to align investment professionals with the funds they invest and manage.

<sup>1</sup> “2007 Compensation” means fiscal year 2007 salary earnings, bonus, cash flow, commissions, salary supplements, the value of 2007 car allowances, and housing allowances for local employees (i.e., non-expatriates) for employees.

<sup>2</sup> “2008 Compensation” means fiscal year 2008 salary earnings, bonus, cash flow, commissions, salary supplements, the value of 2008 car allowances, and housing allowances for local employees (i.e., non-expatriates) for employees.

<sup>3</sup> “Cause” means a material breach by a person of an employment contract between the person and Holdings or any subsidiary, failure by a person to devote substantially all business time exclusively to the performance of his or her duties for Holdings or any subsidiary, willful misconduct, dishonesty related to the business and affairs of Holdings or any subsidiary, conviction of a felony or of a misdemeanor constituting a statutory disqualification under U.S. securities laws (or failure to contest prosecution for a felony or such a misdemeanor), habitual or gross negligence in the performance of a person’s duties, solicitation of employees of Holdings or any subsidiary to work at another company, improper use or disclosure of confidential information, the violation of policies and practices adopted by Holdings or any subsidiary, including but not limited to the Code of Conduct, or a material violation of the conflict of interest, proprietary information or business ethics policies of Holdings or any subsidiary, or such other circumstances as may be determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees).

<sup>4</sup> “Detrimental Activity” means (i) using information received during a person’s employment with Holdings or any of its subsidiaries related to the business affairs of Holdings or any of its subsidiaries, affiliates or their clients, in breach of such person’s undertaking to keep such information confidential; (ii) directly or indirectly persuading or attempting to persuade, by any means, any employee of Holdings or any of its subsidiaries or affiliates to terminate employment with any of the foregoing or to breach any of the terms of his or her employment with the foregoing; (iii) directly or indirectly making any statement that is, or could be, disparaging of Holdings, its subsidiaries or affiliates, or any of their employees (except as necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process); (iv) violating policies and practices adopted by Holdings or any subsidiary; (v) materially breaching any contract between the person and Holdings or any subsidiary; or (vi) directly or indirectly engaging in any activity that is, or could be, substantially injurious to the financial condition, reputation, or goodwill of Holdings or its subsidiaries or affiliates, in each case as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees). Notwithstanding the foregoing, if following any termination of employment other than for Cause but prior to the scheduled Share Payment Date it is determined that an act constituting Cause has occurred which was not determined by Holdings (or its designee) at the time of such termination, such act shall also be deemed to constitute Detrimental Activity.

<sup>5</sup> “Full Career Termination” means a termination of employment when (i) a person has at least 20 years of service; or (ii) a person meets all of the following criteria: (a) the person’s age plus years of service equals at least 55, (b) the person is at least 45 years old, and (c) the person has at least 10 years of service; or (iii) a person meets all of the following criteria: (a) the person is at least 50 years old, and (b) the person has at least 5 years of service.

<sup>6</sup> “Competitive Activity” means involvement (whether as an employee, proprietor, consultant or otherwise) with any person or entity (including any company and its affiliates) engaged in any business activity which is materially competitive with any business carried on by Holdings or any of its subsidiaries or affiliates on the date of termination of a person’s employment with Holdings or any of its subsidiaries, as determined in the sole discretion of the Chief Executive Officer or Chief Operating Officer of Holdings (or their respective designees).

<sup>7</sup> “Disability” means a disability under both the Long-Term Disability Insurance Plan and Social Security Act.

<sup>8</sup> In the event of a termination for select government service, shares will be issued as soon as practicable following the date of termination, to the extent permitted under Treas. Reg. § 1.409A-3(j)(4)(iii) regarding compliance with laws or agreements related to ethics or conflicts of interest.

*The terms and conditions of the SIP shall be incorporated by reference into these Awards. Without limiting any of the foregoing, a Participant shall forfeit any outstanding RSUs if the Participant fails to comply with either Section 4(c) or Section 12 of the SIP as may be interpreted by the Corporation and/or as may be evidenced in any Award Agreement.*

*In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, payments may not be made at the time contemplated by the terms of the RSUs or the SIP, as the case may be, without causing the individual to be subject to taxation under Section 409A of the Code, Holdings will make such payment on the first day that would not result in such individual’s incurring any tax liability under Section 409A of the Code. If the individual is a “specified employee” (within the meaning of Section 409A(a)(2)(B)(i) of the Code), payments and/or deliveries of shares of Common Stock that are linked to the date of such individual’s separation from service shall not be made prior to the date which is six (6) months after the date of the individual’s separation from service Holdings and its affiliates, determined in accordance with Section 409A of the Code and the regulations promulgated thereunder.*